

Introduction of rolling settlement by SEBI

4170. MISS MABEL REBELLO: Will the Minister of FINANCE be pleased to state:

(a) whether SEBI is planning to introduce rolling settlement in Bombay Stock Exchange and National Stock Exchange for all listed schemes;

(b) if so, who are opposing the introduction of rolling settlement;

(c) in what manner the small investor would benefit from introducing the rolling settlement;

(d) whether the introduction of rolling settlement in the Stock Exchange will bring about additional transparency; and

(e) whether the investor will get the money on the same day of sale of their shares after the introduction of rolling settlement?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) The Securities and Exchange Board of India (SEBI) has intimated that at present 163 scrips are in the compulsory rolling settlement. SEBI, on 16th March, 2001, has directed stock exchanges that all scrips which are included in the Automated Lending and Borrowing Mechanism/ Borrowing and Lending Securities Scheme or Modified Carry Forward System or in the BSE 200 list will be traded only in the compulsory rolling settlement from July 2, 2001.

(c) and (d) It is expected that rolling settlement would reduce systematic risk and transaction costs.

(e) Investors transacting under account period have to wait for both trading as well as settlement cycle to end. In contrast under rolling settlement, they have to wait only for settlement cycle to end, not the trading cycle. Hence the gap between the trade date and settlement date is likely to be less under rolling settlement but payment would not be made on the same day.